



News Release

DEPARTMENT OF ECONOMIC SECURITY
John L. Clayton, Director

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MEDIA CONTACT
Fernando Vender
(602) 542-4296

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UNEMPLOYMENT TAX FOR ARIZONA EMPLOYERS TO BE LOWER IN 2002

(PHOENIX - January 8, 2002) Arizona Department of Economic Security Director John L. Clayton announced today that the average unemployment insurance tax rate paid by Arizona employers will decrease in 2002. The new established rate of 0.8% of taxable payrolls is less than the average .82% rate employers paid in 2001. The decrease marks the seventh consecutive annual rate decrease for employers.

Arizona's average rate is substantially lower than the average 2001 national tax rate of 1.7%. Unemployment taxes paid by Arizona employers are deposited into a fund which is used solely to pay benefits to qualifying Arizona workers who lose their employment through no fault of their own.

Arizona's unemployment tax rate is self-adjusting and counter cyclical, meaning that after periods of high unemployment the rates increase to replenish the fund as they did from 1992 to 1995. Once the fund begins to approach the desired balance, the rates begin decreasing again.

The 2002 tax rates for Arizona Employers will range from 0.05% to 5.4%. On average, an Arizona employer will pay a minimum of \$56.00 annually for each employee. Arizona employers also enjoy the lowest tax base allowed by law - \$7,000. This means that taxes are due only on the first \$7,000 earned per employee. Thirty-five states and the District of Columbia have a higher tax base than Arizona. The highest tax base in 2001 was \$28,400.